

1963

a recipient's social security payments must be reduced, or stopped completely, if he earns a certain amount of money during a year.

A retirement test of one form or another has been written into the Social Security Act since it was first enacted in 1935. In its present terms the law states that any recipient who earns more than \$1,200 a year will lose \$1 of benefits for every \$2 of earnings in excess of \$1,200 up to \$1,700 and \$1 of benefits for every \$1 of earnings over \$1,700 a year. Two major exceptions to this requirement are that it does not apply to individuals age 72 or over and that no reduction in benefits will be made for any month in which the recipient earns less than \$100 in wages or fails to render substantial services in connection with self-employment activities.

In my opinion, the enactment of the retirement test was one of the most unfortunate and regrettable actions taken by Congress in connection with the social security program. I am sure that there are multitudes among the millions of individuals receiving social security benefits, and a good many among those charged with administering the law, who share my view.

The retired worker views the retirement test as an incomprehensible technicality that interferes with his desire to work, and his efforts to be as independent as possible. Untold numbers on the social security rolls are prevented from accepting employment because of the retirement test and many more are forced to curtail their employment activities to keep their earnings within the \$1,200 limit.

The retired worker becomes more irritated and confused when he is told that the retirement test applies only to earned income, not to investment income. He asks himself, "Why penalize me because I need to work to maintain my home, while my more fortunate neighbor is allowed to receive a tidy income from his stock holdings without losing any of his social security benefits?"

This is a hard question to answer, and it is only one of the difficult questions the people in the social security district office must answer when they try to explain the retirement test to someone who feels that he has been treated unfairly because of it.

Several years ago the House Ways and Means Committee asked the Department of Health, Education, and Welfare to study the retirement test. In response to this request the Department submitted a report to the committee in 1960. In this report the Department made the following candid statement which reflects the inexorable conflict of desires inherent in the retirement test:

The fact must be faced that the retirement test is the center of an insoluble dilemma. There is, on the one hand, the need to conserve the funds of the program by not paying benefits to people who have substantial work income, and on the other hand, the need to avoid interfering with incentives to work. Both of these objectives cannot be fully accomplished. The best that can be done is to accommodate the two, so that

while the funds of the system are in large part directed to the most socially useful purposes, at the same time interference with incentives to work is kept at a reasonably low level.

Mr. President, I do not believe that the present law maintains a proper accommodation between the needs stated in the Department's report. I think that it does interfere unreasonably and unwisely with an individual's inclination and incentive to work. What is more, I think that the present retirement test hits hardest upon those individuals who have the greatest desire and the greatest need to work in order to supplement their retirement income.

Under the Social Security Act, the maximum benefit a retired worker can receive is \$127 a month. This adds up to \$2,974 a year. Even this maximum amount is hardly enough to sustain an individual for a year. Very few individuals, however, are drawing this maximum amount. The average old-age benefit now being paid to the retired worker under social security is little over \$76 a month. In July of 1962 it was \$76.09. This average payment, which totals to only \$917.08 a year, is most certainly not enough for a retired worker to live on. If the retired worker has a wife who qualifies for a wife's benefit, she receives one-half the amount that the retired worker is entitled to.

It is evident from these figures that most people retired on social security must have supplementary income in order to maintain themselves at decent living standards. If they do not have substantial annuity income of one sort or another or if they were not able to build up sizable amounts in savings or investments, they must seek out employment—or ask for public assistance—to pay their bills.

The people who are most adversely affected by the retirement test are those who are entitled to lower social security benefits. Not only are they, as a general rule, most in need of added income, but they see their earnings eating into and eliminating their social security benefits sooner. Those who receive lower benefits cannot earn as much as those receiving higher benefits before their benefits are cut off completely. A few examples will illustrate this point. Everyone whose earnings are subject to the test loses \$1 in benefits for every \$2 of earnings between \$1,200 and \$1,700 and \$1 in benefits for every dollar of earnings over \$1,700. The more he earns, the less he receives in benefits until his benefits are wiped out completely. The point at which his earnings wipe out his benefits is called the overall earnings limit, and it varies with the amount of the benefit. The overall earnings limit for a person receiving the minimum benefit for \$40 a month is \$1,930 a year. If a person receiving a minimum benefit earns this much a year he receives no social security payment. The overall earnings limit for a retired worker receiving close to the average benefit—say it is \$76 a month—is \$2,360. A person receiving the maximum primary benefit of \$127, however, may earn \$2,974 a year

before his benefits are cut off. A retired worker whose family is receiving the maximum family benefit of \$254 a month does not reach his overall earnings limit until he earns \$4,160.

The bill I am introducing is designed to bring about a more balanced accommodation between the conflicting needs of the retirement test. It would simply raise the basic exempt amount from \$1,200 to \$2,400 a year and provide for dollar-for-dollar reduction in benefits for earnings over \$2,400. The amount of \$1,200 has remained unchanged in the law since it was put in in 1954. Living costs and wage rates have increased so much since that time that \$1,200 is no longer an adequate or realistic figure. I feel that it must be raised in order to lessen the discriminatory effect of the retirement test on those who are ready, willing and able—and in many cases forced—to work.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 466) to amend title II of the Social Security Act to increase to \$2,400 the annual amount individuals are permitted to earn without suffering deductions from the insurance benefits payable to them under such title, introduced by Mr. Moss, was received, read twice by its title, and referred to the Committee on Finance.

BAY OF PIGS RESOLUTION

Mr. GOLDWATER. Mr. President, I submit a resolution, ask that it be referred to the Committee on Armed Services, and ask unanimous consent that it may be printed in the body of the Record.

I also ask unanimous consent that two newspaper articles pertinent thereto may be printed in the Record.

The VICE PRESIDENT. The resolution will be received and appropriately referred; and, without objection, the resolution and articles will be printed in the Record.

The resolution (S. Res. 54) was referred to the Committee on Armed Services, as follows:

Whereas the Bay of Pigs invasion of Cuba in April of 1961 failed for the lack of adequate American assistance, including an air cover for the landing forces; and

Whereas the American public was led to understand for twenty-one months that an air cover had definitely been promised to the invading force and withheld at the last minute on orders from the President of the United States; and

Whereas the Attorney General of the United States has now stated that no such air support was ever contemplated in the invasion plan; and

Whereas the Attorney General of the United States has further stated that the invasion plan had the approval of the Joint Chiefs of Staff and the Central Intelligence Agency; and

Whereas an invasion plan which did not include air cover was foredoomed to failure in the minds of veteran military experts; and

Whereas the Attorney General's statements have consequently called into question the wisdom and efficiency of the Joint Chiefs of Staff and the Central Intelligence Agency; and